



# NEWS RELEASE

LOS ANGELES PRESS OFFICE

**Release Date:** Immediately  
**Release Number:** 04-64

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## SBA Loan Makes Wienerschnitzel Franchisee Top Dog In Neighborhood

What will a single father of two teenagers do to appease their yen for Wienerschnitzel hotdogs? A resident of Pico Rivera for many years, Ron Beilke had to pack his family into the van and trek to any one of several surrounding communities to enjoy these mouth-watering morsels. During these periodic food runs Ron often daydreamed about how wonderful it might be to have a Wienerschnitzel in his neighborhood. After much rumination he came to the conclusion that his city possessed the demographics that could certainly support its own Wienerschnitzel franchise.

But who would be committed enough to insure a successful restaurant project? Would he not be the best person for the job? After all, Ron was no stranger to the fast food industry, and he was fully acquainted with of the many challenges associated with a start-up restaurant. He had successfully operated five Chucke Cheese Pizza Time Theaters during a four year time span, and he had been a Multi-store Manager for Carl's Jr. In addition, Ron had a solid understanding of general business principles and a sound foundation in accounting attributable to his BS Degree from San Diego State University. After much soul searching, followed by a full feasibility study, the spirit of the true entrepreneur manifested itself in Ron. He knew that he should be the one to take the risk and he set out to find an appropriate site and make his dream a reality!

Ron was not the slightest bit Quixotic in his quest. He remained focused and maintained his resolve throughout the planning process. Not one for slipshod work, Ron spent an inordinate amount of time working out the details and developing an effective reality-based business plan. Every part of the project had to be perfect. His site selection process, alone, took more than 6 months. Things were proceeding well until he hit the proverbial "brick wall," which in Ron's case appeared in the form of major hurdles surrounding project financing.

It could be said that start-up fast food projects are difficult for bankers to digest. As a rule, 9 out of 10 suffer setbacks or go out of business within a year of opening. To make it worse, Ron's deal called for the construction of the building that would eventually house the restaurant operations. This led to the need for a much greater loan amount than that required by the usual start-up business and, in turn, dramatically increased the risk to be borne by the prospective bank.

As a result, Ron soon experienced the frustrations that often accompany a request for financing that doesn't quite fit the financial industry norm for straight forward underwriting by a bank. To compound matters he soon became fearful that his location might be bought out from underneath him. Yet, his fear did not paralyze him, but only served to goad him on with more determination and a clearer vision. Recognizing that his site was in the 38<sup>th</sup> District, Ron quickly sought the support of Congresswoman Grace Napolitano. Known for her untiring efforts to champion small business growth and capital access, Congresswoman Napolitano quickly arranged for Ron Beilke to meet with SBA Los Angeles District Office (LADO) Director, Alberto G. Alvarado, in an attempt to salvage the deal.

Under Director Alvarado's guidance, Ron's capital needs were re-evaluated. His loan package was re-tailored to provide better support for the major lending criteria. His project assumptions were also reworked, which resulted in improved cash flow. As a result of a number of refinement sessions with various departments at the SBA District Office, Ron's project was soon strengthened to the point that Comerica Bank agreed to underwrite a \$750, 000 SBA 7(a) loan and Ron was on his way.

He first underwent an 8-week training program which involved working under different operations at actual locations, where Ron learned additional fine details about Wienerschnitzel. He learned that it had been in existing for over 40 years with approximately 365 stores in its franchise universe, and that the Chili recipe had never been tampered with and it still tasted the same as it did when Ron was a boy. Mixed in with this operations training was expansive class room learning. This included efficient product unit costing, break-even analysis, cash flow and profit accounting, and forecasting. Ron passed with flying colors and was ready.

Ron Beilke opened the doors on September 21<sup>st</sup>, 2002 and broke a Franchise record for the largest opening day sales revenue! His first year sales propelled him into the elite 30 of the highest producing sites in the United States. His site selection, a mere 2 minutes from his home, turned out to be most fortuitous. His dream was fulfilled. There's a Wienerschnitzel now in his neighborhood and Ron Beilke is "top dog."

But Ron's success story does not just end there; it continues. It is reflected in the 20 jobs that Ron's restaurant provides to the Pico Rivera community. It manifests itself in the fact that many of his employees have health insurance, a large part of the cost of which is subsidized by Ron's generosity. It is further apparent in the continued patronage of Ron's loyal customers who either, drive-through for take-out, or prefer to enjoy a value packed meal on-site in the spacious dining area. To share the sweet taste of Ron's success, when in Pico Rivera visit his Wienerschnitzel at 6749 S. Rosemead Boulevard, (562) 949-3040 and enjoy a Tastee-Freez chased by a childog.

Los Angeles SBA District Director, Alberto Alvarado offered praise saying, "Ron Beilke possesses that bull dog tenacity that is the basis for success in entrepreneurial ventures. Ron will always be the paragon for aspiring franchisees." Ron is very proud of his accomplishments; nevertheless, he is eager to point out that it would not have happened without Congresswoman Napolitano, Comerica, and the SBA.

With respect to the latter, Ron has become a stalwart supporter of the SBA and readily recommends the Agency's loan programs and services to other aspiring entrepreneurs. At a recent SBA outreach event, Ron described how the agency helped him achieve his dreams and expressed his gratitude, saying with enthusiasm, "Without the SBA I would have no reason to address you today. It is only because the Los Angeles SBA Team were willing to think outside of the box, that

I was able to successfully undertake and complete a loan project of such magnitude. I am truly grateful to the SBA for their outstanding service and for their faith in this small business owner.”

To learn how the SBA can assist you with respect to financing your franchise opportunity, or to learn more about SBA Loan Programs and Services visit the SBA’s user friendly web site [www.sba.gov](http://www.sba.gov) or contact one of the following SBA Economic Development Specialists at the Los Angeles District Office:

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